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SUBJECT: BOSNIA'S NIKOLA SPIRIC ENGAGES CZECHS

REF: BRATISLAVA 623

¶1. (U) Summary: Nikola Spiric, who resigned as Bosnia and Herzegovina (BiH) Council of Ministers Chairman on November 1, visited Prague on November 20-21 with Finance Minister Dragan Vrankic and several BiH business leaders. Spiric met with Prime Minister Topolanek, Deputy Prime Minister Vondra, members of the upper and lower chambers of Parliament and Czech businesses. During this visit, which has been on the cards since last spring, Spiric appears to have focused mostly on strengthening bilateral relations, particularly in the economic sphere. As one concrete outcome from the visit, the finance ministers signed a treaty preventing double taxation. End Summary.

Strengthening Economic Ties

¶2. (SBU) The Czech Republic, which targets assistance to a handful of "priority" countries, has identified Bosnia as one of its top priorities. According to Czech MFA Bosnia desk officer, Ales Cernik, Bosnia is second only to Serbia in the amount of financial assistance provided by the GOCR to a foreign nation. During the visit both sides committed to strengthening business ties. The BiH Foreign Investment Promotion Agency, which joined Spiric's delegation, gave a presentation to Czech businessmen on general investment opportunities, with a special focus on tourism. Cernik noted that during the week of November 26 approximately 50 companies from Bosnia (and Serbia) will continue to discuss investment opportunities with Czech business counterparts here in Prague. He also mentioned the Czech Ministry of Trade and Industry is working to put together a trade mission to Bosnia next spring. Interestingly, the majority state-owned Czech energy company (CEZ), which signed a 1.4B Euro deal to refurbish and build power plants in Bosnia, is its largest foreign investor, according to EUXTV and Czech officials. While Czech investment and economic assistance is clearly important to Bosnia, as a Czech trade partner BiH ranks in the 56th position. Also, Czech economic assistance, which Cernik characterized as "subsidies" to this relatively small economy, is mostly concentrated in the agriculture, energy and environmental sectors.

Kosovo and Internal BiH Politics

¶3. (SBU) According to Czech MFA officials, Spiric did not talk much about the situation in Kosovo or his own situation in BiH. Apparently his only comment to Czech officials on Kosovo Troika talks was to say that he would welcome a positive outcome to the talks as long as there was "not a subsequent negative impact on BiH." Regarding the political

situation in BiH, he apparently attributed much of the current difficulty to a "lack of communication" from the Office of the High Representative and Lajcak's actions on police reform. In meetings with Czech officials he also apparently cited reforms in the intelligence and defense sectors as signs that BiH can conduct its own affairs.

¶4. (SBU) Comment: The Czechs pay close attention to developments in the Balkans, and even have identified it as one of their top three Foreign Affairs priorities for the Czech EU Presidency commencing in 2009. This particular visit, while highly unusual given the nebulous official status of Spiric, was in keeping with both countries' interests in strengthening economic ties.

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